

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 4930-01
Bill No.: SB 917
Subject: Health Care; Insurance - Medical; Health Care Professionals; Health Dept.;
Insurance Dept.
Type: Original
Date: March 11, 2010

Bill Summary: Enacts provisions relating to health care data standardization and transparency.

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2011	FY 2012	FY 2013
General Revenue	(Unknown greater than \$833,334)	(Unknown greater than \$1,000,000)	(Unknown greater than \$1,000,000)
Total Estimated Net Effect on General Revenue Fund	(Unknown greater than \$833,334)	(Unknown greater than \$1,000,000)	(Unknown greater than \$1,000,000)

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2011	FY 2012	FY 2013
Road	(Unknown greater than \$83,334)	(Unknown greater than \$100,000)	(Unknown greater than \$100,000)
Other	(Unknown)	(Unknown)	(Unknown)
Total Estimated Net Effect on <u>Other</u> State Funds	(Unknown greater than \$83,334)	(Unknown greater than \$100,000)	(Unknown greater than \$100,000)

Numbers within parentheses: () indicate costs or losses.
This fiscal note contains 9 pages.

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2011	FY 2012	FY 2013
Federal	(Unknown)	(Unknown)	(Unknown)
Total Estimated Net Effect on <u>All</u> Federal Funds	(Unknown)	(Unknown)	(Unknown)

ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)			
FUND AFFECTED	FY 2011	FY 2012	FY 2013
Total Estimated Net Effect on FTE	0	0	0

☒ Estimated Total Net Effect on All funds expected to exceed \$100,000 savings or (cost).

☐ Estimated Net Effect on General Revenue Fund expected to exceed \$100,000 (cost).

ESTIMATED NET EFFECT ON LOCAL FUNDS			
FUND AFFECTED	FY 2011	FY 2012	FY 2013
Local Government	(Unknown)	(Unknown)	(Unknown)

FISCAL ANALYSIS

ASSUMPTION

Officials from the **Missouri Department of Conservation (MDC)** state the proposed legislation would not appear to have a fiscal impact on MDC funds.

Officials from the **Department of Public Safety - Missouri State Highway Patrol** defer to the Missouri Department of Transportation for response regarding the potential fiscal impact of this proposal on their organization.

Officials from the **Office of Secretary of State (SOS)** state the fiscal impact for this proposal is less than \$2,500. The SOS does not expect that additional funding would be required to meet these costs. However, the SOS also recognizes that many such bills may be passed by the General Assembly in a given year and that collectively the costs may be in excess of what the SOS can sustain within its core budget. Therefore, the SOS reserves the right to request funding for the costs of supporting administrative rules requirements should the need arise based on a review of the finally approved bills signed by the Governor.

Officials from the **Department of Insurance, Financial Institutions, and Professional Registration (DIFP)** state the DIFP will be required to pursue any alleged violations of this proposal by health carriers. The department is unable to project the possible number of violations that may occur or resources that might be needed to conduct these investigations if they occur. The DIFP does not expect a fiscal impact, but if the investigations are complex or become numerous, FTE may be requested through the budget process.

Officials from the **Missouri Consolidated Health Care Plan (HCP)** state the HCP will likely incur additional on-going costs of an unknown amount because it is assumed that vendors will factor into their quotes the costs associated with establishing and administering this quality/cost efficiency reporting.

Officials at the **Department of Health and Senior Services** provide the following information relating to this proposal:

Section 191.1008.3(1)

This section requires DOH to investigate complaints of alleged violations of this section by any person or entity other than a health carrier. If the complaint were against an individual, DOH would have no authority. These complaints would need to be handled by the Board of Healing Arts or the Board of Nursing. Complaints against an entity could also include types of health care settings that are not currently under the regulatory charge of DOH such as physician's offices, clinics, etc. The violations referred to in this section do not seem to be clinical or regulatory in nature. Instead, they appear to be concerned more with data disclosure.

ASSUMPTION (continued)

Language in section 191.1008.1 requires the reviewing organizations to "identify the measure source or evidence-based science behind the measure and the national consensus, multi-stakeholder or other peer review process, if any, used to confirm the validity of the data and its analysis as an objective indicator of health care quality." The ambiguous language in these restrictions placed on the noninsurers' comparison programs could make investigations of alleged violations difficult to verify. Even if the criteria were specified more rigorously, additional professional staff would be needed to conduct the investigations and determine whether the criteria have been met and the noninsurer(s) is compliant with the law.

Though the DOH has experience with researching and publishing quality of care indicators that are nationally recognized as objective measures of health care quality, it has no experience in regulation of other entities that publish consumer-focused data. In addition, imposition of penalties would probably need to be performed by the Office of Attorney General. The DOH is not able to determine how many complaints would be received that would require investigation. Therefore, the DOH is unable to determine the fiscal impact of this proposal and assumes the fiscal impact to be unknown.

Oversight notes section 191.1008 allows the DOH to impose penalties, not to exceed one thousand dollars, for violations by persons who sell or otherwise distribute to the public health care quality and cost efficiency data without identifying the measure source. **Oversight** assumes minimal penalties will be collected and, therefore, is not presenting penalties in the fiscal note.

Officials from the **Missouri Department of Transportation (DOT)** state this would impact the DOT/Missouri State Highway Patrol (MHP) Medical Plan. It would cost a great deal of money to employ the services of these organizations and then distribute the information. The cost could, in turn, increase premiums. It would also release information about providers. The proposed legislation seems to say that health carriers would be prohibited from entering into new contracts or amending existing contracts with health care providers that limit the use of medical claims data to payment of claims or otherwise preclude health carriers from responding to the public's need for comparative cost, quality, and efficiency information.

If the DOT/MHP Medical Plan should fall under this because of § 104.801 RSMo, or because of the expanded definition, a facility that reports a reportable incident cannot charge any entity, including third party payors and patients, for all services related to the incident. If the third party payor denies the claim because there is no coverage for services, the facility cannot bill the patient. This will impact the Medical Plan in that patients will not be charged if there is no coverage, but the charge will have to be absorbed at some level.

The impact cannot be determined although it would be greater than \$100,000.

ASSUMPTION (continued)

Officials from the **Department of Social Services (DOS) - MO HealthNet Division (MHD)** state the following:

Section 191.1005 Criteria for Quality Health Care Data

The language of this section states that the definition of "insurers" includes the state of Missouri for purposes of rendering health care services by providers under a medical assistance program of the state. Therefore, this section will have a fiscal impact to the MO HealthNet Division. The MHD will have costs for a contractor to research, collect, compile, evaluate and compare the quality of care data. The cost for the contractor is unknown but greater than \$2 million per year. This estimate is based on information received when creating similar reporting tools. Since this is an administrative expense the federal matching rate is 50%. The first year cost is for 10 months.

Section 191.1008 Validating Criteria for Quality Health Care Data and Violations and
Section 191.1010 Violations by Health Carriers

There will be no fiscal impact due to these provisions.

Total Fiscal Impact

FY11 (10 months):	Total unknown > \$1,666,667 (unknown > \$833,334 GR);
FY12:	Total unknown > \$2,000,000 (unknown > \$1,000,000 GR);
FY13:	Total unknown > \$2,000,000 (unknown > \$1,000,000 GR).

<u>FISCAL IMPACT - State Government</u>	FY 2011 (10 Mo.)	FY 2012	FY 2013
GENERAL REVENUE			
<u>Costs - DOS-MHD</u>			
Contract and reporting costs	(Unknown greater than \$833,334)	(Unknown greater than \$1,000,000)	(Unknown greater than \$1,000,000)
<u>Costs - DOH</u>			
Investigation costs	(Unknown)	(Unknown)	(Unknown)
<u>Costs - HCP</u>			
Increase in medical vendor contract costs	(Unknown)	(Unknown)	(Unknown)
ESTIMATED NET EFFECT ON GENERAL REVENUE FUND	<u>(Unknown greater than \$833,334)</u>	<u>(Unknown greater than \$1,000,000)</u>	<u>(Unknown greater than \$1,000,000)</u>
ROAD FUND			
<u>Costs - DOT</u>			
Increase in state share of health insurance premium costs	(Unknown exceeding \$83,334)	(Unknown exceeding \$100,000)	(Unknown exceeding \$100,000)
ESTIMATED NET EFFECT ON ROAD FUND	<u>(Unknown exceeding \$100,000)</u>	<u>(Unknown exceeding \$100,000)</u>	<u>(Unknown exceeding \$100,000)</u>
OTHER STATE FUNDS			
<u>Costs - HCP</u>			
Increase in medical vendor contract costs	(Unknown)	(Unknown)	(Unknown)
ESTIMATED NET EFFECT ON OTHER STATE FUNDS	<u>(Unknown)</u>	<u>(Unknown)</u>	<u>(Unknown)</u>

<u>FISCAL IMPACT - State Government</u>	FY 2011 (10 Mo.)	FY 2012	FY 2013
FEDERAL FUNDS			
<u>Income - DOS-MHD</u>			
Increase in program reimbursements	Unknown greater than \$833,333	Unknown greater than \$1,000,000	Unknown greater than \$1,000,000
<u>Costs - DOS-MHD</u>			
Increase in program costs	(Unknown greater than \$833,334)	(Unknown greater than \$1,000,000)	(Unknown greater than \$1,000,000)
<u>Costs - HCP</u>			
Increase in medical vendor contract costs	(Unknown)	(Unknown)	(Unknown)
ESTIMATED NET EFFECT ON FEDERAL FUNDS	(Unknown)	(Unknown)	(Unknown)
<u>FISCAL IMPACT - Local Government</u>	FY 2011 (10 Mo.)	FY 2012	FY 2013
LOCAL GOVERNMENTS - ALL			
<u>Costs - All Local Governments</u>			
Increase in share of premium costs/reporting costs	(Unknown)	(Unknown)	(Unknown)
ESTIMATED NET EFFECT ON LOCAL GOVERNMENTS	<u>(Unknown)</u>	<u>(Unknown)</u>	<u>(Unknown)</u>
<u>FISCAL IMPACT - Small Business</u>			

If the proposal results in insurance companies increasing premium costs, then small businesses that provide health insurance benefits for employees will experience a negative impact as a result of increased premium costs.

FISCAL DESCRIPTION

This proposal establishes provisions relating to health care quality data standardization and transparency. Criteria is established for insurers to use in programs that publicly assess and compare the quality and cost efficiency of health care providers.

Insurers shall retain the services of a nationally recognized independent health care quality standard-setting organization to review the plan's programs for consumers that measure, report, and tier providers based on their performance. The program measures shall provide performance information that reflects consumers' health needs.

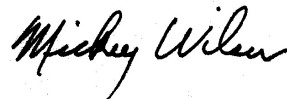
Consumers, consumer organizations, relevant providers and provider organizations shall be solicited to provide input on the program, including methods used to determine performance strata. A clearly defined process for consumers to resolve complaints and for providers to request review of their own performance results shall be established. All quality measures shall be endorsed by the National Quality Forum (NQF) and the act lists the other national organizations that shall be used for endorsement in the event that NQF measures do not exist for a particular level of measures.

A person who sells or distributes health care quality and cost efficiency data in a comparative format to the public is required to identify the source used to confirm the validity of the data and its analysis as an objective indicator of health care quality. This provision does not apply to articles or research studies that are published in peer-reviewed academic journals, nonprofit community-based organizations, or by state or local governments. The Department of Health and Senior Services shall investigate complaints of alleged violations of this provision by a person or entity other than a health carrier and shall be authorized to impose a penalty not to exceed \$1,000. Alleged violations by a health insurer shall be investigated by the Department of Insurance, Financial Institutions and Professional Registration.

This legislation is not federally mandated, would not duplicate any other program and would not require additional capital improvements or rental space.

SOURCES OF INFORMATION

Department of Insurance, Financial Institutions, and Professional Registration
Department of Health and Senior Services
Department of Social Services
Missouri Department of Transportation
Department of Public Safety -
 Missouri State Highway Patrol
Missouri Consolidated Health Care Plan
Missouri Department of Conservation
Office of Secretary of State

A handwritten signature in black ink that reads "Mickey Wilson". The signature is written in a cursive, flowing style.

Mickey Wilson, CPA
Director
March 11, 2010